

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

PARTNERS FOR HEALTH AND HOME,
L.P., ETC.,

Plaintiff,

vs.

SEUNG WEE YANG, ETC., ET AL.,

Defendants.

CASE NO. CV 09-07849 RZ
consolidated with
CV 10-04073 RZ

UNDISPUTED FACTS AND
CONCLUSIONS OF LAW

This matter came before the Court on March 12, 2012 on the motion of Plaintiff for summary judgment. Plaintiff appeared through its attorney Joel D. Voelzke. Defendant Seung Wee Yang appeared pro se, assisted by a Korean language interpreter he had brought with him. The Court heard argument and took the matter under submission.

The motion was duly noticed and, out of an abundance of caution, and consistent with *Rand v. Rowland*, 154 F.3d 952, 960 (9th Cir. 1998), the Court formally gave Defendant Yang notice of his obligations in responding to a summary judgment motion. Nevertheless – and despite the fact that this is the third motion for summary judgment in this case – Defendant Yang did not submit any declarations on matters of substance in response to the motion. He did state that he did not have enough time, but he did not submit a declaration in accordance with FED. R. CIV. P. 56(d), and the notion that he did not have enough time is unconvincing. The Court on its own continued the hearing

1 on the motion from its originally-noticed date of February 27, 2012. The motion itself
2 originally was filed on January 20, 2012, and it is clear that Defendant Yang had plenty of
3 time to respond to the motion.

4 The Court incorporates its Statement of Uncontroverted Facts and Conclusions
5 of Law, filed October 28, 2011 (Document No. 113), and its Statement of Uncontroverted
6 Facts and Conclusions of Law, filed December 14, 2011 (Document No. 119). In those
7 documents, the Court determined that there was no genuine issue of fact as to liability
8 under various claims, and that Plaintiff was entitled to judgment as a matter of law. The
9 present motion addresses issues relating to relief.

10 11 **UNDISPUTED FACTS**

12 1. Yang filed for personal bankruptcy under Chapter 7 of the Bankruptcy
13 Code on August 1, 2009.

14 2. Plaintiff's counsel sent a copy of the instant complaint to Yang's
15 trademark attorney, Clinton Cusick, on November 6, 2009.

16 3. Mr. Cusick sent a return letter acknowledging the lawsuit on
17 November 13, 2009 but refusing to accept service.

18 4. Plaintiff's counsel then mailed a copy of the complaint directly to
19 Mr. Yang on November 19, 2009.

20 5. Despite Yang's being advised of this lawsuit both through his attorney
21 and directly, Yang never listed this lawsuit within his bankruptcy schedules.

22 6. Yang never gave to Plaintiff the formal notice of bankruptcy
23 proceedings that a debtor is required to send to his creditors, nor otherwise notified
24 Plaintiff that he was in bankruptcy.

25 7. Yang received a discharge of over \$300,000 in debts on December 1,
26 2009. His bankruptcy case was closed on December 21, 2009.

27 8. Plaintiff became aware of Yang's bankruptcy for the first time on
28 March 24, 2010 when Yang's then-attorneys in this case sent notice of the bankruptcy case,

1 and a copy of his bankruptcy petition, to Plaintiff's counsel. By that time, Yang had
2 already answered the Complaint here a month previously. The Answer did not mention
3 Yang's bankruptcy petition or discharge.

4 9. In attempting later to avoid his bankruptcy case from being reopened,
5 Yang presented a sworn declaration to the Bankruptcy Court stating that he could not
6 possibly have listed this lawsuit in his bankruptcy schedules because he did not learn of the
7 lawsuit until after his bankruptcy case was already closed. This was false.

8 10. Yang continued to use the domain www.perma-life.co.kr to advertise
9 and sell his Pearl Life cookware post-petition.

10 11. Yang continued to advertise and sell his infringing Pearl Life cookware
11 at least until June 2011, which was after he had received a discharge and his bankruptcy
12 case was closed.

13 12. Yang told the Bankruptcy Court that for the 60 days prior to his
14 bankruptcy petition, he had had no job, had not been self-employed, had no assets, and had
15 no inventory of product. This was false.

16 13. Yang claims to have lost all of his business records from his Pearl Life
17 cookware business in late November 2009, which was approximately one month after this
18 lawsuit was filed on October 28, 2009. He has presented no evidence of any sort – not only
19 no records, but also no expert testimony, or even no testimony estimating any costs or
20 expenses – sufficient to establish a triable issue of fact as to his costs and expenses.

21 14. On May 18, 2009, Plaintiff filed an Opposition in the U.S. Patent and
22 Trademark Office opposing Yang's "Pearl Life" trademark application serial no.
23 77/401,110 on the ground that "Pearl Life" would be confusingly similar to "Perma-Life."

24 15. Yang filed his Answer to that Opposition on June 19, 2009.

25 16. Approximately one month later, on July 27, 2009, Yang filed Korean
26 trademark application serial no. 40-2009-0035888 to register "Perma Life" as his own
27 trademark for a wide variety of products including electric cookware.
28

1 17. Plaintiff prevailed in the Opposition proceeding in the Patent and
2 Trademark Office when, on November 25, 2009, the Trademark Trial and Appeal Board
3 declared Yang's application to be deemed withdrawn.

4 18. Yang registered the domain www.kissmixer.com on March 8, 2001, and
5 remains the owner of that domain today. Yang has been using that domain since at least
6 2005 to operate an online business ("the Kissmixer.com Business") selling a kitchen mixer
7 called a "Kiss Mixer" and a variety of other housewares.

8 19. Contrary to his representations to the Bankruptcy Court, Yang was in
9 the business of selling Pearl Life cookware during his bankruptcy, having received
10 approximately \$19,636 worth of Pearl Life cookware inventory in late June or early July
11 of 2009, and selling that cookware during the months of July, August, September, and
12 October of 2009.

13 20. Yang continued to advertise and sell Pearl Life cookware on the Internet
14 until at least October 15, 2010.

15 21. In sum, immediately before filing bankruptcy, Yang made a purchase
16 of approximately \$20,000 (retail price) of inventory, failed to pay his manufacturer and got
17 the invoice for that purchase discharged in bankruptcy, then kept and sold that inventory
18 before, during, and after his bankruptcy case, while not disclosing to the Bankruptcy Court
19 the existence of that inventory and the money he obtained by selling it.

20 22. Yang operated an online business at Kissmixer.com selling a kitchen
21 mixer and various housewares for several years before his 2009 bankruptcy, during his
22 bankruptcy, and after his bankruptcy case was closed. Before his bankruptcy, he operated
23 that business using the name of defendant STP. After his bankruptcy, he operated that
24 business under the name of defendant Dong Yang.

25 23. The Court takes judicial notice of the records of the California Secretary
26 of State. Those records show that defendant STP is a dissolved corporation, and that
27 defendant Dong Yang Science, Inc. is a suspended corporation.
28

24. In sum, Yang continuously operated the Kissmixer.com Business before, during, and after his bankruptcy, but never told the Bankruptcy Court about either that domain, that ongoing business, or the product inventory or income that would naturally have been associated with that business.

25. Any conclusion of law that is later determined to be an uncontroverted fact is hereby stated as an uncontroverted fact.

CONCLUSIONS OF LAW

1. Any uncontroverted fact that is later determined to be a conclusion of law is hereby made a conclusion of law.

2. This Court has jurisdiction over the subject matter of the action.

A. Damages, Counts I and IV (Trademark)

3. Infringers of registered trademarks are liable in the amount of “(1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.” 15 U.S.C. § 1117(a). In exceptional cases, the court may award up to treble profits or damages, and attorney fees. 15 U.S.C. § 1117(a). Still further, “If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case.” *Id.*

4. “Trial courts have broad equitable discretion in determining proper compensation to holders of valid trademarks.” *Taylor Made Golf Co., Inc. v. Carsten Sports, Ltd.*, 175 F.R.D. 658, 661, 44 U.S.P.Q.2d 1938 (S.D. Cal. 1997).

5. “In assessing profits the plaintiff shall be required to prove defendant’s sales only; defendant must prove all elements of cost or deduction claimed.” 15 U.S.C. § 1117(a). The burden therefore rests on Defendant Yang to prove any expenses that would reduce his net profits downward from his previously-determined gross profits of

1 \$400,000 - \$223,708 = \$176,292. (*See* Statement of Undisputed Facts and Conclusions of
2 Law filed October 28, 2011 (#113)).

3 6. Because Yang did not sustain his burden of introducing any evidence
4 as to his costs or deductions, there is no genuine issue as to Yang's net profits, and no
5 dispute as to the amount asserted by Plaintiff, i.e., \$176,292.

6 7. Under the Trademark Act, the court can award up to treble damages or
7 profits "according to the circumstances of the case." 15 U.S.C. § 1117(a). In exceptional
8 cases, the court can also award attorney fees. *Id.*

9 8. Whether a case is "exceptional" is an issue for the court to decide.
10 *Watec Co., Ltd. v. Liu*, 403 F.3d 645, 657, 74 U.S.P.Q.2d 1128 (9th Cir. 2005). The
11 decision to award fees under § 1117(a) lies within the district court's sound discretion. *TE-*
12 *TA-MA Truth Foundation-Family of URI, Inc. v. The World Church of the Creator*, 392
13 F.3d 248, 257, 73 U.S.P.Q.2d 1103 (7th Cir. 2004). "Usually, the type of conduct that has
14 sufficed to make an 'exceptional case' is intentional, deliberate, or willful infringement.
15 More than mere negligence is required." 5 McCarthy on Trademark and Unfair
16 Competition § 30:100 (Thomson West 2007). In practice, the courts award attorney fees
17 to prevailing defendants "with some regularity." *Id.*

18 9. The Ninth Circuit has stated that "[a] trademark case is exceptional
19 where the district court finds that the defendant acted maliciously, fraudulently,
20 deliberately, or willfully." *Earthquake Sound Corp. v. Bumper Indus.*, 352 F.3d 1210,
21 1216, 69 U.S.P.Q.2d 1119 (9th Cir. 2003). Where a defendant made deliberate and
22 calculated attempts to confuse his products with the plaintiff's, the case is exceptional and
23 the Court should award fees. *Horphag Research Ltd. v. Pellegrini*, 337 F.3d 1036, 1042,
24 67 U.S.P.Q.2d 1532 (9th Cir. 2003).

25 10. With respect to the trademark counterfeiting count, "the court shall,
26 unless the court finds extenuating circumstances, enter judgment for three times such
27 profits or damages, whichever amount is greater, together with a reasonable attorneys fee,"
28

1 if the court finds that the defendant intentionally used a counterfeit mark. 15 U.S.C.
2 § 1117(b).

3 11. Yang's infringements of Plaintiff's Perma-Life trademark were willful.

4 12. This case is exceptional due to Yang's various willful infringements of
5 Plaintiff's rights. There is no genuine issue of material fact as to any extenuating
6 circumstances; no evidence of any such circumstances has been proffered.

7 13. On Counts I and IV, the Court finds that it is appropriate, on the
8 undisputed facts here, to award treble profits for a total award of \$528,876.

9 14. Plaintiff is entitled to recover reasonable attorney fees.

10 11 **B. Statutory Damages - Trademark Counterfeiting (Count II)**

12 15. The statutory damages for Trademark Counterfeiting (Count II) under
13 15 U.S.C. § 1114(1) are:

14 (1) a minimum of \$1,000, and a maximum of \$200,000, as the court
15 considers just, or

16 (2) up to \$2,000,000 if the violation was willful, as the court
17 considers just. 15 U.S.C. § 1117(c).

18 16. Yang's counterfeiting was willful. There is no genuine issue of fact as
19 to Yang's willfulness.

20 17. Under the undisputed facts, the Court awards \$10,000 on the
21 counterfeiting count.

22 23 **C. Statutory Damages - Cyberpiracy (Count III)**

24 18. A plaintiff who prevails on a cyberpiracy count may elect statutory
25 damages. 15 U.S.C. § 1117(d). The amount of statutory damages shall be set by the court
26 at between \$1,000 and \$100,000 per domain name, as the court considers just. *Id.* A
27 prevailing plaintiff who elects statutory damages may also be awarded attorney fees. *See*
28

1 *e.g., Aztar Corp. v. MGM Casino*, 59 U.S.P.Q.2d 1460, 1465-66, 2001 WL 939070 (E.D.
2 Va. 2001) (awarding both \$100,000 statutory damages and attorney fees).

3 19. An award of statutory damages for cyberpiracy is not duplicative of an
4 award for trademark infringement; the two statutes have different elements and serve two
5 different purposes (compensation vs. sanction), so the remedies are not duplicative and can
6 both be awarded. *St. Luke's Cataract and Laser Inst., P.A. v. Sanderson*, 573 F.3d 1186,
7 1204, 91 U.S.P.Q.2d 1302 (11th Cir. 2009) (affirming a jury award of both statutory
8 damages under the ACPA plus monetary damages under the Lanham Act).

9 20. Yang is liable for two counts of cyberpiracy: the first with respect to
10 the domain www.permalife.co.kr, and the second with respect to the domain www.permalife.co.kr.
11 www.permalife.co.kr.

12 21. With respect to the domain www.permalife.co.kr, the Court determines
13 it is appropriate to award statutory damages of the minimum of \$1,000, inasmuch as Yang
14 has done nothing other than register the domain name.

15 22. With respect to the domain www.permalife.co.kr, the Court determines
16 to award statutory damages of \$25,000 given the undisputed facts, previously found, of
17 Yang's abuse of Plaintiff's trademark through use of this domain name.

18 23. Plaintiff is entitled to recover its reasonable attorney fees.
19

20 **D. Total Monetary Award**

21 24. The total damages award therefore are:

22 Trademark Infringement, Lanham Act	\$528,876
23 Trademark Counterfeiting	\$ 10,000
24 Cyberpiracy	<u>\$ 26,000</u>
25 Total Damages Award	\$564,876

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27 ///

28 ///

E. Injunction

25. The court may grant injunctions to prevent further infringements. 15 U.S.C. § 1116. In a trademark infringement case, a prevailing plaintiff is entitled to a presumption of irreparable harm, and therefore is presumptively entitled to a permanent injunction to prevent further infringements. *Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH & Co.*, 571 F.3d 873, 877 (9th Cir. 2009).

26. For cyberpiracy, the court can order the defendant to transfer the disputed domain(s) to the trademark owner. 15 U.S.C. § 1125(d)(1)(C).

27. Plaintiff is entitled to a permanent injunction prohibiting the defendants from any further infringements of Plaintiff's trademark.

28. Plaintiff is further entitled to an order that Yang transfer the domains www.permalife.co.kr and www.perma-life.co.kr to Plaintiff.

29. Plaintiff is further entitled to an order that enjoins Yang from proceeding with his Korean trademark application no. 40-2009-035888 for the mark "Perma Life."

F. The Judgment Is Non-Dischargeable Under the Bankruptcy Code (Count V)

30. When a debtor fails to schedule a liability within his bankruptcy schedules, the creditor can seek later to have the liability declared non-dischargeable. *In re Beezley*, 994 F.2d 1433, 1437, 1441 (9th Cir. 1993) (O'Scannlain, Circuit J., concurring).

31. "[I]f the debt flows from an intentional tort . . . , the debtor's failure to schedule in time to provide notice to the creditor of the need to seek an adjudication of dischargeability is *conclusive* (at least in the absence of actual knowledge of the bankruptcy on the part of the creditor). The debt is not discharged." *Id.* at 1437 (emphasis in original).

32. The principle of non-dischargeability for failure to schedule a liability is "absolutely fundamental to the integrity of the Bankruptcy Code." *Id.* at 1439.

1 33. The standard of proof required to demonstrate that a debt was non-
2 dischargeable is the ordinary preponderance-of-the-evidence standard. *Grogan v. Garner*,
3 498 U.S. 279, 291, 111 S. Ct. 654, 112 L. Ed. 2d 755 (1991).

4 34. An action for non-dischargeability can be brought in state court, federal
5 district court, or in bankruptcy court, at virtually any time of the creditor's choosing. *See*
6 *In re Bartomeli*, 303 B.R. 254, 269 (D. Conn. 2004) ("Overstating the matter only slightly,
7 a Section 523(a)(3)(B) complaint as to nondischargeability of a debt can be brought any
8 time, any place.").

9 35. This Court therefore has jurisdiction to adjudicate Plaintiff's Count V
10 for non-dischargeability.

11 36. A bankruptcy discharge does not discharge an individual debtor for any
12 debt for willful and malicious injury by the debtor to another entity or to the property of
13 another. 11 U.S.C. § 523(a)(6).

14 37. A "malicious injury" involves (1) a wrongful act, (2) done intentionally,
15 (3) which necessarily causes injury, and (4) is done without just cause or excuse. *In re*
16 *Barboza*, 545 F.3d 702, 706, 88 U.S.P.Q.2d 1351 (9th Cir. 2008).

17 38. Under § 523(a)(6) of the Bankruptcy Code, "willful means deliberate
18 or intentional . . . [and] [m]alicious means in conscious disregard of one's duties or without
19 just cause or excuse; it does not require ill-will or specific intent to do harm." *In the Matter*
20 *of Thirtyacre*, 36 F.3d 697, 700 (7th Cir. 1994) (quoting *Wheeler v. Laudani*, 783 F.2d 610,
21 615 (6th Cir. 1986)).

22 39. Malicious intent may be demonstrated by evidence that the debtor had
23 knowledge of the creditor's rights and that, with that knowledge, proceeded to take action
24 in violation of those rights. Thus, the debtor's actual knowledge or the reasonable
25 foreseeability that his conduct will result in injury to the creditor are highly relevant. *In*
26 *re Pasek*, 983 F.2d 1524, 1527 (10th Cir. 1993).

27 40. In performing the acts described above, Yang was fully aware of
28 Plaintiff's rights in the name "Perma-Life."

1 41. Yang's infringements of Plaintiff's rights were without just cause or
2 excuse.

3 42. Yang's infringements of Plaintiff's trademark were "willful and
4 malicious" within the meaning of 11 U.S.C.S. § 523(a)(6).

5 43. Furthermore, because the "bad faith" element of cyberpiracy is
6 equivalent to the "willful and malicious" standard for non-dischargeability, liability for
7 cyberpiracy under 17 U.S.C. § 1125(d) necessarily qualifies as a "willful and malicious"
8 injury within the meaning of the bankruptcy code, and is thus necessarily non-
9 dischargeable in bankruptcy. *In re Wright*, 355 B.R. 192, 209-11, 81 U.S.P.Q.2d 1796
10 (Bankr. Ct. C.D. Cal. 2006). A judgment herein for cyberpiracy is therefore necessarily
11 non-dischargeable by Yang in bankruptcy.

12 44. Because Yang's infringements were willful and malicious, and because
13 Yang did not notify Plaintiff of his bankruptcy petition and Plaintiff did not know about
14 Yang's bankruptcy until after his bankruptcy case was closed, Yang's liabilities as found
15 herein are non-dischargeable, and could not have been, and were not, discharged by his
16 2009 bankruptcy.

17 45. A bankruptcy discharge cannot discharge liabilities for acts that the
18 debtor committed or continued post-petition, or at least post-discharge. *See Hazelquist v.*
19 *Guchi Moochie Tackle Co., Inc.*, 437 F.3d 1178 (Fed. Cir. 2006); *see also O'Loghlin v.*
20 *County of Orange*, 229 F.3d 871, 875 (9th Cir. 2000) ("A suit for illegal conduct occurring
21 after discharge threatens neither the letter nor the spirit of the bankruptcy law. A 'fresh
22 start' means only that; it does not mean a continuing licence [sic] to violate the law.").

23 46. Yang continued to infringe post-discharge.

24 47. Yang's 2009 bankruptcy discharge could not have excused Yang for
25 any infringing activities that he continued post-discharge, including his continuing to leave
26 online any infringing material that he originally posted pre-petition.

27 48. Because the Court finds that all of Yang's liabilities were non-
28 dischargeable, the Court need not attempt, and will not attempt, to apportion what

1 percentage of the award granted herein is for acts that occurred or continued post-petition
2 and/or post-discharge.

3 49. A court can deny a discharge to a debtor if the debtor conceals assets
4 or presents a false accounting of his business and/or assets. 11 U.S.C. § 727(a)(2), (4).

5 50. “A discharge in bankruptcy is a privilege, not a right, and should only
6 inure to the benefit of the honest debtor. *Matter of Juzwiak*, 89 F.3d 424, 427 (7th Cir.
7 1996). Bankruptcy law will not tolerate a dishonest debtor. *See Kentile Floors, Inc. v.*
8 *Winham*, 440 F.2d 1128, 1131 (9th Cir. 1971).

9 51. Customer lists and domain names are assets which a debtor must list on
10 his asset schedules. *In re Luby (Panda Herbal Int’l Inc. v. Luby)*, 438 B.R. 817, 826, 829-
11 30 (Bankr. E.D. Pa. 2010). Where a debtor has used a domain name to sell products, the
12 court can conclude that the debtor knows that the domain name is a valuable asset, and the
13 court can accordingly infer that by failing to list the domain name on his asset schedules,
14 the debtor intended to conceal assets from the bankruptcy trustee. *Id.* at 830. A debtor’s
15 failure to list his assets on his bankruptcy schedules can constitute a false oath for purposes
16 of § 727(a)(4). *Id.*

17 52. When a debtor operates a business as if he had never filed for
18 bankruptcy, merely changing the brand name and the corporation under which he operates,
19 the court should deny a discharge. *Id.*

20 53. In this case, Yang hid significant assets and ongoing businesses from
21 the Bankruptcy Court. The assets and businesses that he hid from the Court included:

- 22 (a) approximately \$19,636 worth of Pearl Life cookware that he received
23 from the manufacturer approximately 38 days before filing for
24 bankruptcy, and the income that he received from selling that Pearl
25 Life cookware both before, during, and after his bankruptcy;
26 (b) the domain www.pearllife.com;
27 (c) U.S. trademark application no. 77,401,110 for the mark “Pearl Life”;
28

- 1 (d) the domain www.316plc.com that he registered on November 10, 2009,
2 approximately 2 months after he had petitioned for bankruptcy;
- 3 (e) the domain www.kissmixer.com from which Yang sold a kitchen mixer
4 called the Kiss Mixer and a variety of other household products;
- 5 (f) Yang's ongoing Kissmixer.com Business at that domain, which Yang
6 had started at least by 2005, and which he continued to operate before,
7 during, and after his bankruptcy, merely changing the name at the
8 bottom of the main page from defendant "STP America, Inc." to
9 defendant "Dong Yang Science, Inc." but at all times listing his own
10 email address of comyang01@yahoo.com as the contact address for
11 that business; and
- 12 (g) Korean trademark application no. 40-2009-0035888 for the mark
13 "Perma-Life" for a wide variety of products including electric
14 cookware that Yang filed in Korea on July 27, 2009, which was 4 days
15 before he filed for bankruptcy.

16 54. The above undisputed facts lead to a firm conviction that Yang is a
17 dishonest debtor for whom discharge should be denied, and for whom discharge should
18 have been denied.

19 55. Where an underlying liability is held to be non-dischargeable, any
20 enhanced damages including treble damages, and any attorney fee award and costs are also
21 non-dischargeable. *Cohen v. de la Cruz*, 523 U.S. 213, 218-19, 118 S. Ct. 1212, 140
22 L. Ed. 2d 341 (1998); *AU Pharmaceuticals, Inc. v. Whitner (In re Whitner)*, 179 B.R. 699,
23 703 (Bankr. E.D. Okla. 1995) (where the trademark infringement count was willful and
24 malicious and hence nondischargeable, the court costs were also non-dischargeable);
25 *Suarez v. Barrett (In re Suarez)*, 400 B.R. 732, 738-39 (9th Cir. BAP 2009) (where the
26 defendant's actions were willful and malicious under 11 U.S.C. § 523(a)(6), attorneys' fees
27 and costs were nondischargeable even though there was no award of compensatory
28 damages).

